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LodgeNet Interactive Corporation Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) And we have a question from the line of Marla Backer.

Marla Backer

Hi guys.

Gary Ritondaro

Hi, Marla.

Scott Petersen

Hi, Marla.

Marla Backer

Very impressive, the way you were able to manage your cash flow. So, having said that, you have obviously done a very aggressive job on the operating expense line. In the past, I know you have tested pricing to see what kind of an impact it would have on buys. You have also played a little bit with the subscription model for some sports packages. Have you done any internal strategizing about ways to possibly boost the top line from the guest, not from the Hotel Services side, but from the guest side in terms of promotional activity, whether it is subscription model that you had offered on the sports packages in the past?

Scott Petersen

Marla, we have a team that is – despite the tough economic environment and the slower occupancy we have a team that its task at maximizing whatever revenues we can generate from guest entertainment, and you know, part of that is looking at pricing, part of it is looking at promotions and placements, how it presents itself on screen. And we also are looking at new ways that we can create some more kind of retail strategies around that. I would tell you that on the price elasticity, we have tested up-and-down, pricing up and pricing down, and even in this economic environment we are finding that especially on the theatrical side, we probably somewhat – we can gain more revenue from the guest by pricing the average ticket up slightly.

So, we are continuing to modify based on that. One of the other things we are doing, we have been looking at some and will be introducing a new promotional channel and that is already in rollout

stage on the former On Command technology platform that historically had not had a – that type of marketing involved and that has been after testing implemented and being rolled out right now. And we are also looking at some modifications to our high-definition television locations also introducing the turn-on channels that – which promote more and more of our content versus kind of more of the ambience kind of activity.

So, we are taking very active views of that. We are not giving up the ship whatsoever from that. And as the year goes on, we are also looking perhaps at some abilities to use alternate payment methods, whether it is a pin access code, credit card entries, those types of things that would help to boost revenues whatever the environment might be.

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